



**Relais Group Plc**

# **Q1/2023 Interim Management Report**

4 May 2023

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# Presenting today:



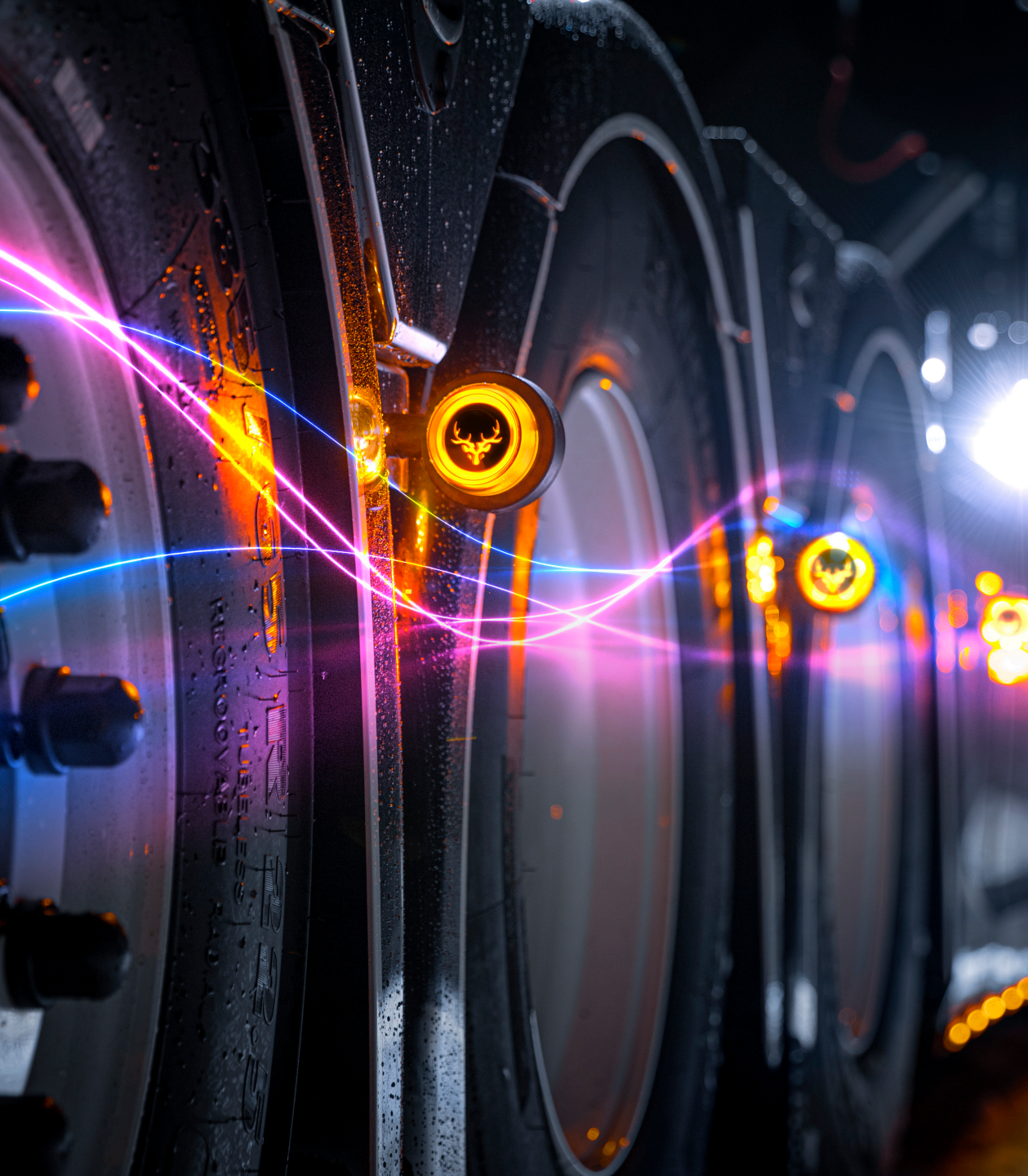
**Arni Ekholm**  
CEO



**Thomas Ekström**  
CFO

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# Content

- Relais in brief
- Sustainability
- The vehicle aftermarket opportunity
- Business review Q1/2023
- Financial review Q1/2023
- Relais as an investment

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Relais in brief





**Net sales Q1/2023 (Q1/2022)**

MEUR **69.0** (62.1)  
**+11.0%**

**Comparable EBITDA Q1/2023 (Q1/2022)**

MEUR **11.2** (9.3)  
**+20.1%**

**Comparable EBITA Q1/2023 (Q1/2022)**

MEUR **7.6** (6.2)  
**+23.0%**

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Change percentages are calculated on exact figures before rounding up to millions of euros



# What is Relais all about

- Relais Group Plc is a consolidator and **smart compounder** with a sector focus on vehicle aftermarket in the Nordic region
- We serve as a **growth platform** for our group companies and **build** them into great businesses
- We consider the value generated during the whole **vehicle life cycle** and are focused on the sector with the biggest potential for earnings growth and least cyclicity --- **the aftermarket.**
- We create **shareholder value** by delivering **strong earnings growth** through a strategy based on three reinforcing themes:
  - Acquisitions
  - Synergies
  - Operational excellence



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# Relais Group companies

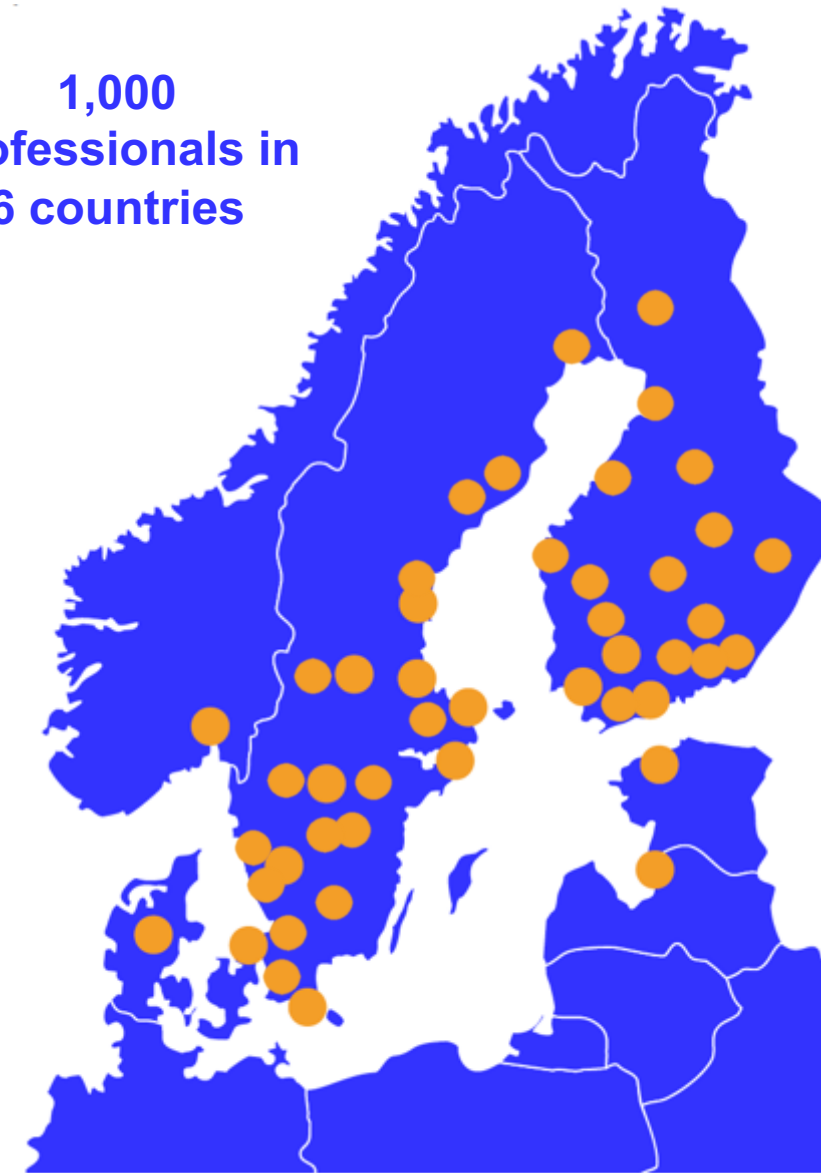
## Technical wholesale and products



## Commercial vehicle repair and maintenance



1,000  
professionals in  
6 countries



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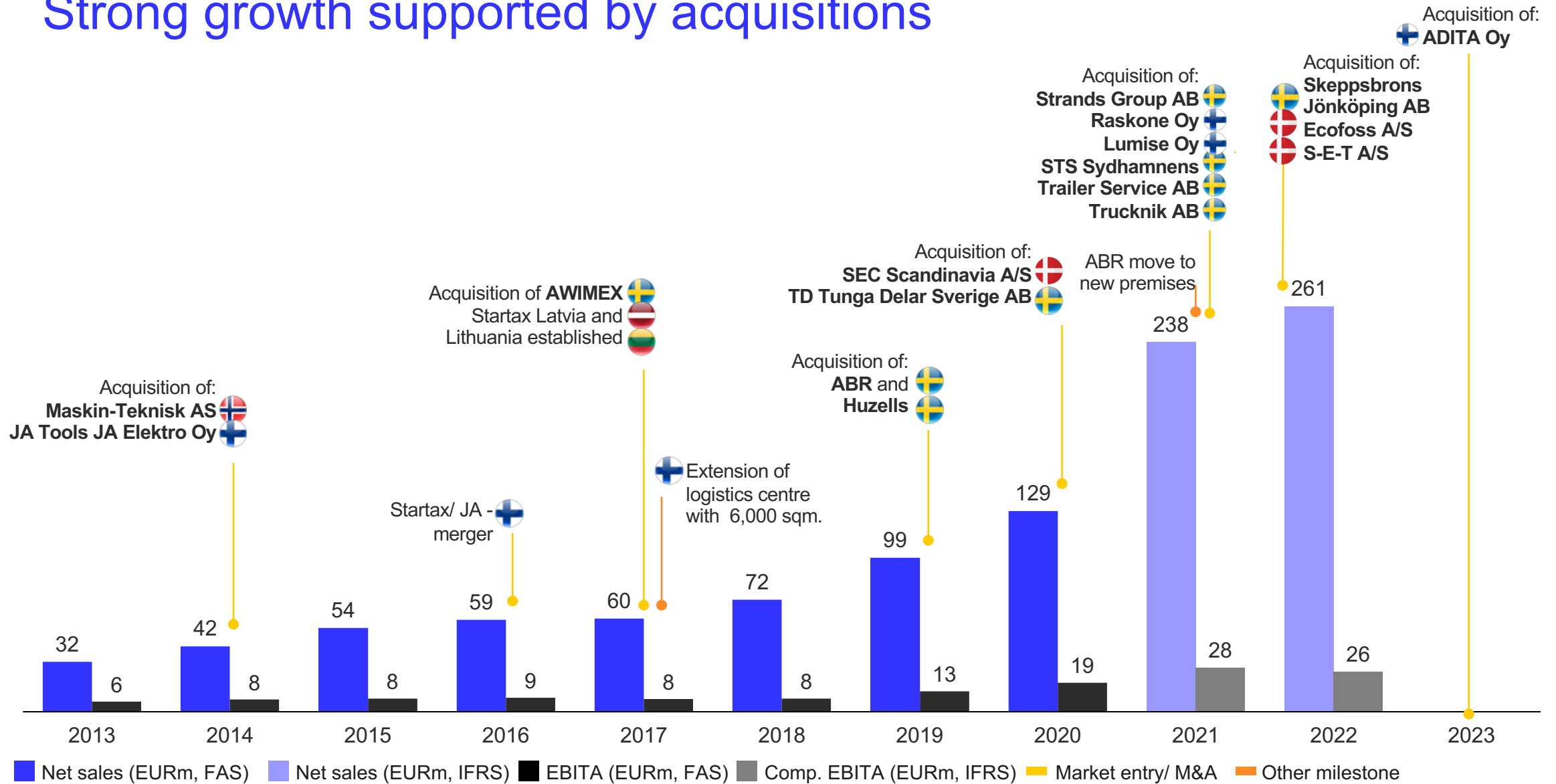
# Relais Group Growth Strategy



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# Strong growth supported by acquisitions



# Updated financial target

We accelerate our growth plan and aim to reach  
a pro forma EBITA of

**50**

MEUR by end of 2025

- We consider a **profit target** to be more relevant in describing the shareholder **value creation potential** of the Company, as opposed to a net sales target.
- We see a large amount of **potential acquisition opportunities** with increasingly **attractive** valuation levels.
- **Improved cash flow** as a result of operational excellence projects that have been introduced and rolled out starting in 2022, in combination with other **customary financing tools**, allow for an **accelerated acquisition driven growth plan**.





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Sustainability

# Sustainability

For us, sustainability means above all **practical and meaningful everyday actions**. We take good care of our employees, customers, business partners and the environment.

We have set clear **ESG-related criteria** to our global suppliers and several spare parts we sell are covered by a **refund-and-recycling system**, extending their life cycle after remanufacturing at the production site.

To meet the demands of the rapidly changing mobility landscape, we have increased our **spare part offering** for full **electric and hybrid electric** vehicles. This product range is growing steadily.

In addition, we have increased the capability of our Raskone and STS workshops to also **serve and repair** electrical commercial vehicles.





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The vehicle aftermarket  
opportunity



Large,  
fragmented  
market

## Vehicle aftermarket opportunity defined

Why is the vehicle aftermarket attractive from a value creation perspective?

- Sweden (excl. vehicle sales) accounts for MEUR >17 billion in yearly turnover across over 16,000 companies and more than 57,000 employees
- All of Nordic assessed to be 2.5x this, or MEUR >**40 billion** in yearly turnover (OE share approx. 50%)
- Several interesting acquisition targets → **big opportunities for further consolidation**





## Technology disruption

## Vehicle aftermarket opportunity defined

- Growing number of EV:s → **value of spare parts and components increases**
- Circular economy and sustainability aspects → **battery recycling and power train conversion opportunities (EV, hydrogen, gas)**
- Change in ownership: Private leasing, fleets → **new business model opportunities**
- Technology & digitalization (e.g. ADAS\*, connected car, autonomous driving etc.) → **need for more sensors**
- Powertrain development and alternative fuels for ICE (synthetic, bio-fuel) → **more sustainable future for commercial vehicles. Competence development requires investments and will drive further consolidation of the independent workshops**

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\*Advanced driver assistance system



**Value &  
growth**

## Vehicle aftermarket opportunity defined

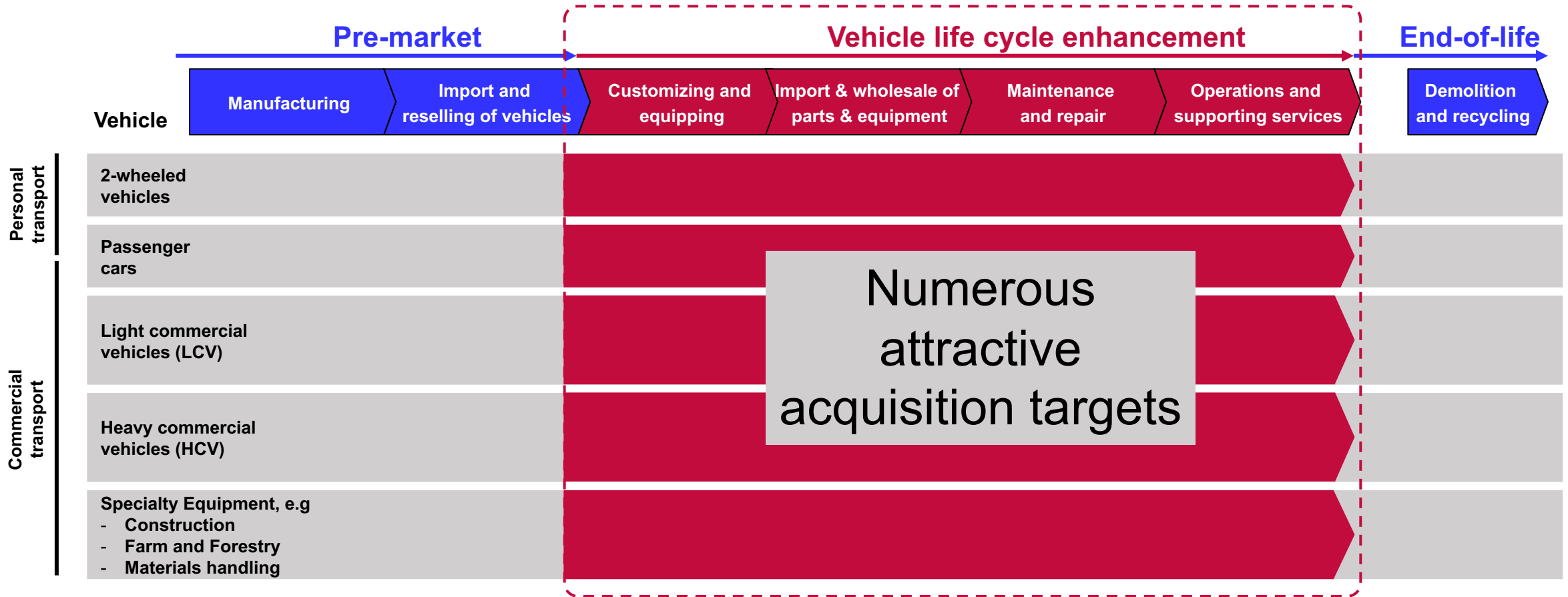
- Large and ‘inert’ installed base, over 19 million vehicles → **stable and defensive market**
- Delayed deliveries of new vehicles means that the existing vehicles are used more and longer → **drives the need for repair & maintenance and spare parts**
- Growing demand for last mile deliveries → **growing need for repair & maintenance, power management, and lighting for commercial vehicles**
- **Product range extension** opportunities (e.g. connectivity, lighting, sensors, BEV/PHEV spare parts, tires, windshields etc.)
- “Personal and urban mobility” → **e.g. 2-wheel sector projected to grow**

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# Vehicle aftermarket defined

Relais Group target market: vehicle life cycle enhancement

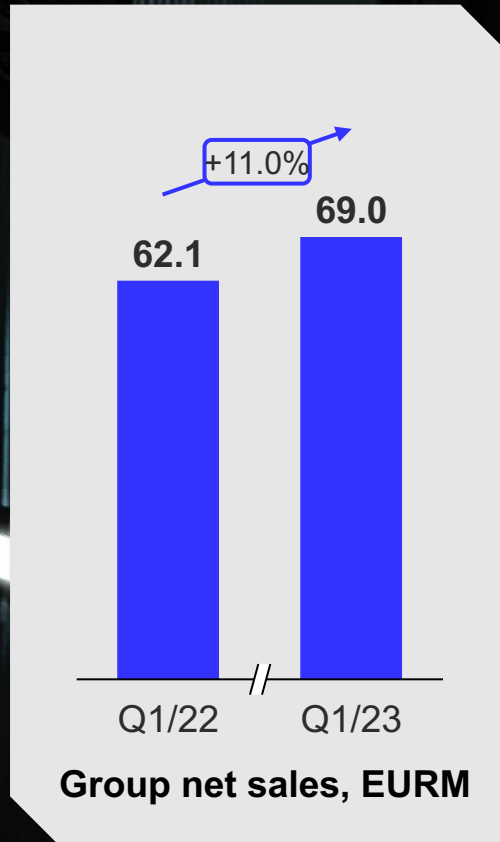


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Business review Q1/2023:  
Strong and profitable growth



# Q1 – Strong and profitable growth



**+11.0%**  
Group sales growth

**11.0%<sup>1</sup>**  
Comparable EBITA-  
%

**11.0 EURM**  
Net cash flow from  
operations

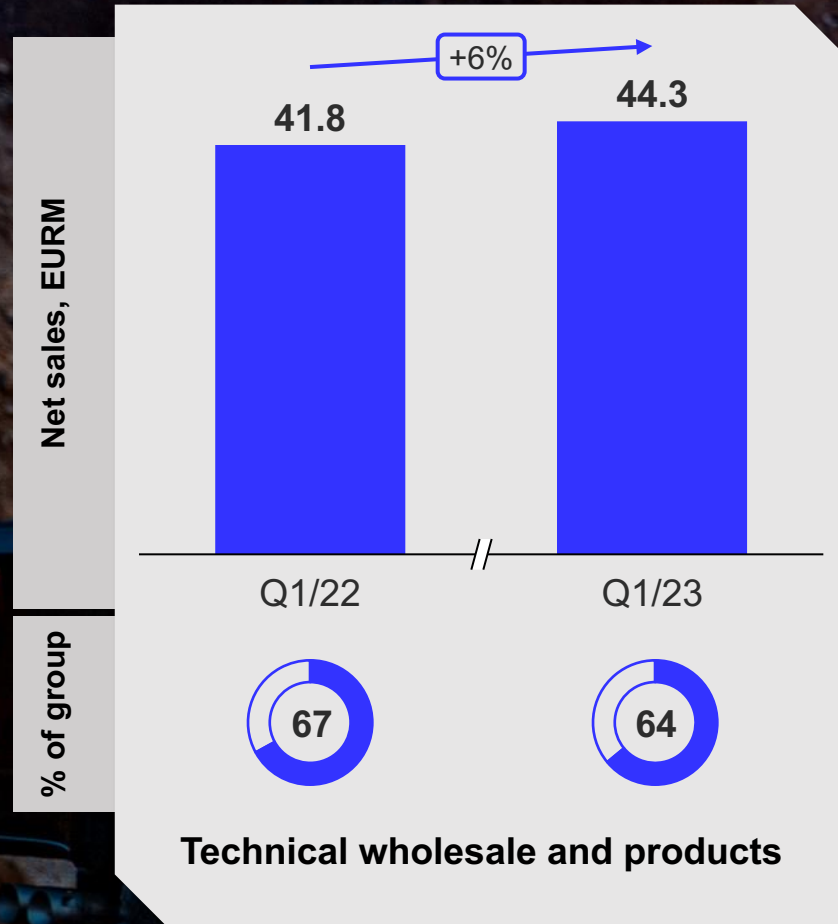
- The first quarter was characterized by a significant growth in both sales and profitability
- Growth was especially strong in the commercial vehicle repair and maintenance business area, and in Scandinavian business operations in general

Notes: 1) Reported EBITA-% was 10.9%

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# Technical wholesale and products business area Q1 2023



- Stable market situation in **Scandinavia**. The market in Finland was constrained by the **relatively mild winter conditions** and the continued deterioration of **consumer purchase power**.
- **Working capital** has returned to a normal level corresponding to the needs of the business operations. This development has caused a **significant increase in the cash flow from operations** compared to the same quarter last year.
- The vehicle **lighting** business sales developed favourably. Especially **Strands** managed to substantially grow its exports to Germany and the Benelux-countries. The demand in the **Nordic** markets also developed positively.
- **Acquisitions** continued with **Adita** in March. Adita strengthens our technical wholesale and products operations in the important **capital region** market in Finland.
- **Organic** turnover growth of our technical wholesale and products business was +1% (+6% in comparable exchange rates).

Technical wholesale and products includes spare parts, equipment, lighting and other sales.

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# Strands Lighting Division social media reach



## INSTAGRAM

120K followers

## YOUTUBE

YTD 2023 1,100,000 views  
(+570K views)

## WEBSITE TRAFFIC

236K visitors  
(+102%)

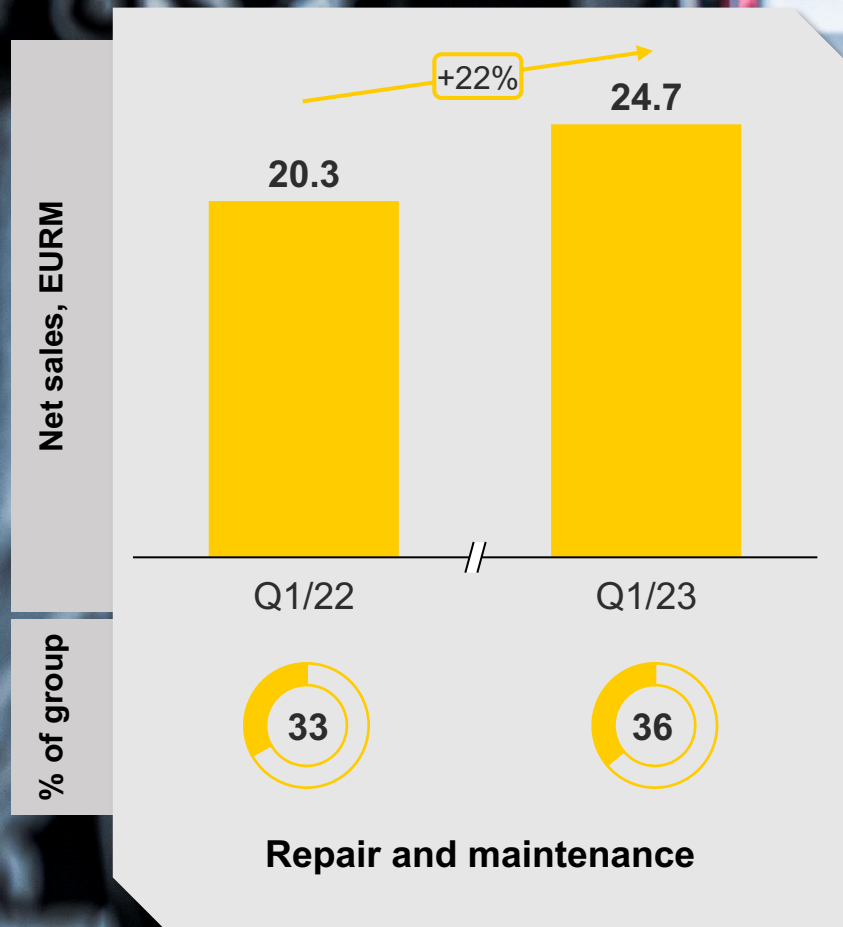
## SOCIAL MEDIA REACH

10.2 million users

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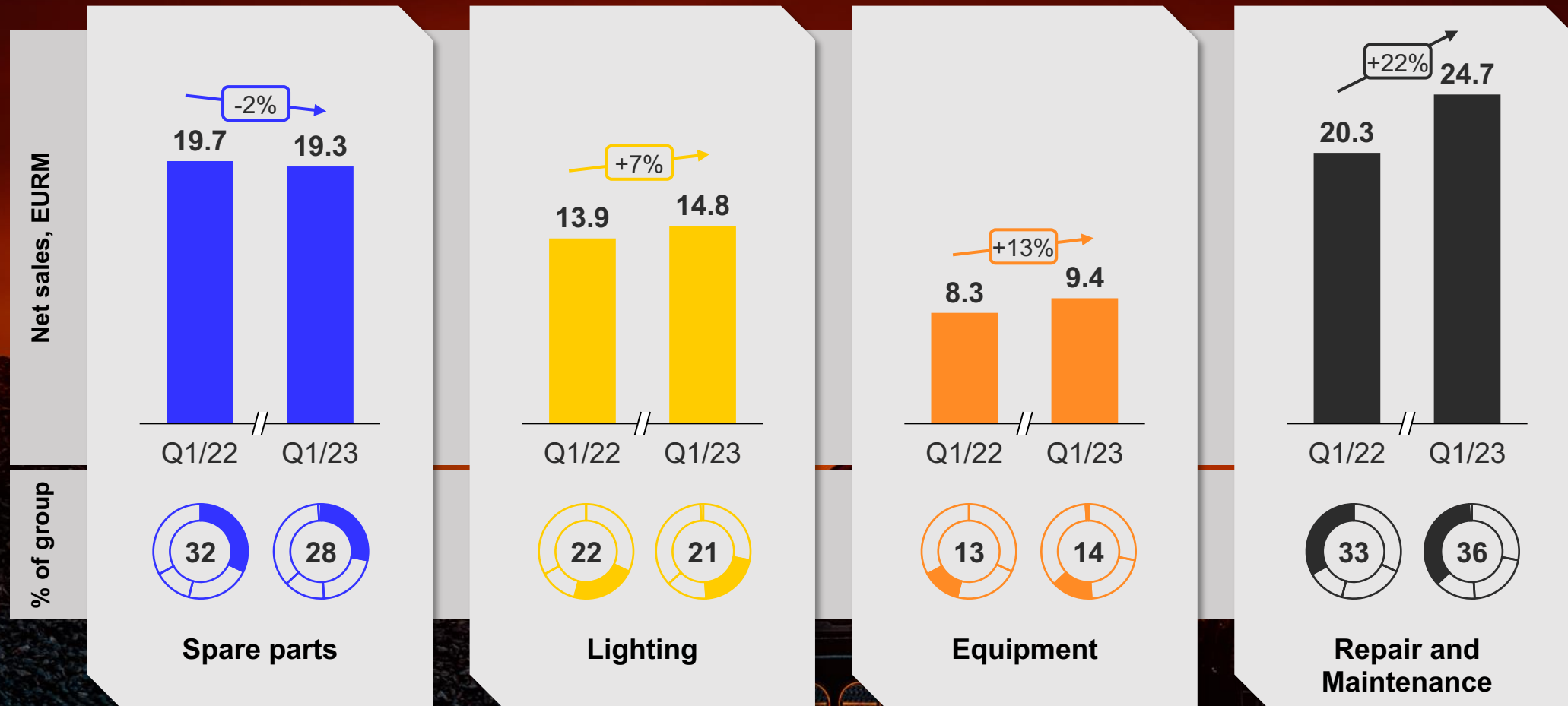
# Repair and maintenance business area Q1 2023



- The positive sales and profitability development was based on a combination of **strong customer demand**, **operational efficiency measures**, and increased labour sales **gross margin**.
- **Number of mechanics** has increased by almost 30 since the beginning of 2022 and the **capacity utilization** has remained on a high level during Q1.
- The demand was strong in **both Finland, and Sweden**. The positive development was also partially affected by the **acquisition of Skeppsbrons Jönköping AB** in May last year.
- **Delayed deliveries** of new commercial vehicles during the last year have **increased the need for repair and maintenance** of existing transport fleets. According to our understanding, this type of demand has transferred especially to **independent workshop chains**, such as Raskone, STS and Skeppsbrons.
- The **organic** turnover growth of our repair and maintenance business was 11% (+14% in comparable exchange rates) during the quarter.



# Reported sales by product group Q1 2023



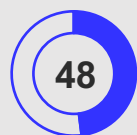
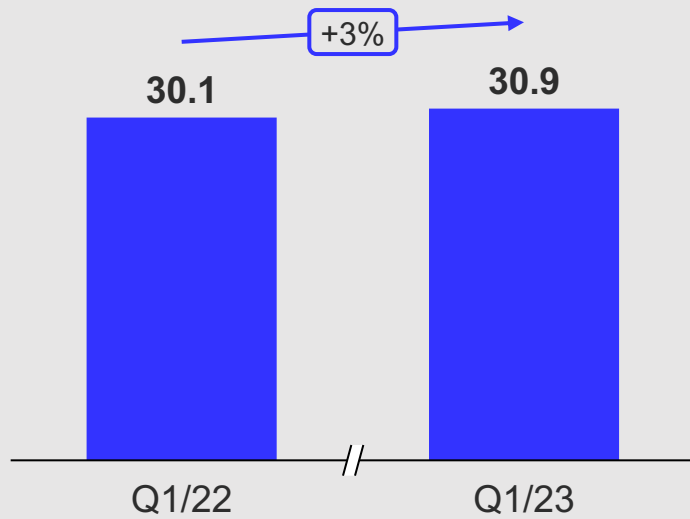
Note: totals may not add up due to minor other sales

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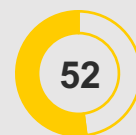
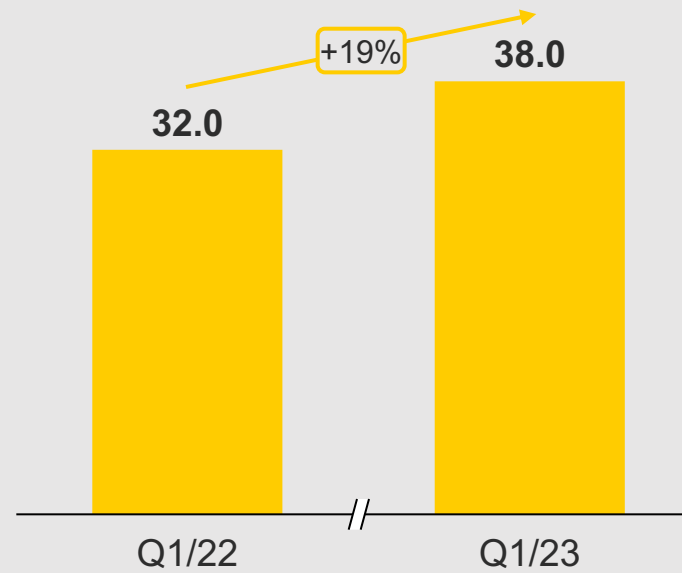
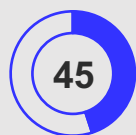
# Reported sales by segment Q1 2023

External revenue, EURM

% of group



Finland & Baltics



Scandinavia







## Outlook for 2023

- We are well prepared to continue implementing our strategy also during the rest of the year.
- We expect that the operational efficiency measures initiated last year will still contribute positively to our profitability development during Q2/2023
- The effect will gradually decrease during the second half of the year compared to 2022.

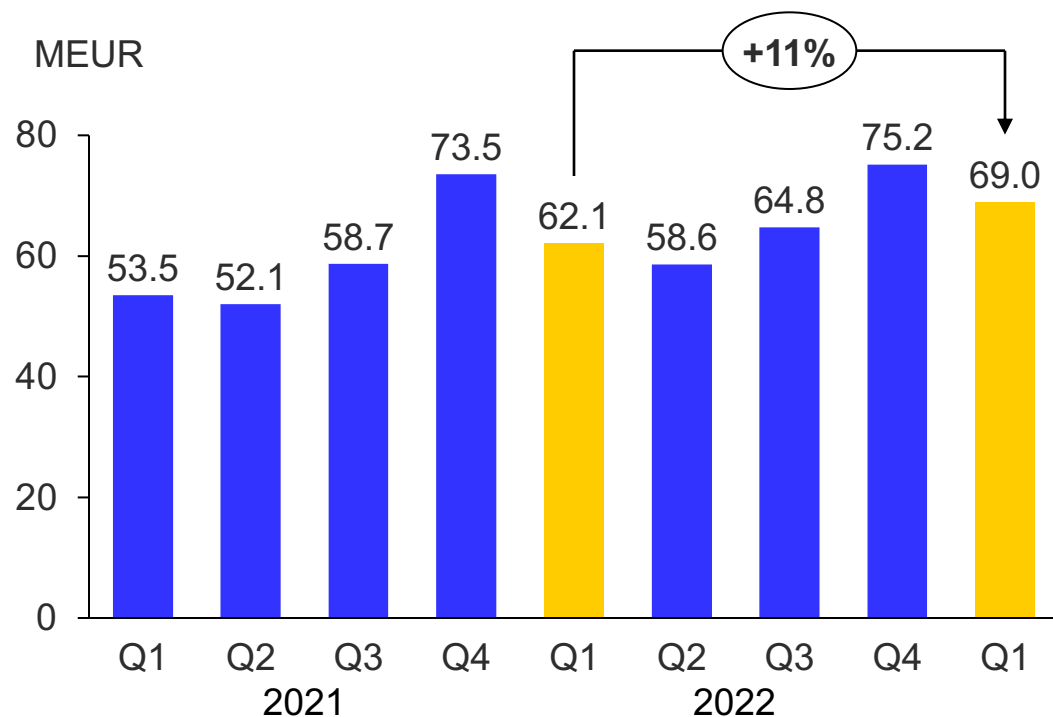


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## Financial review Q1/2023

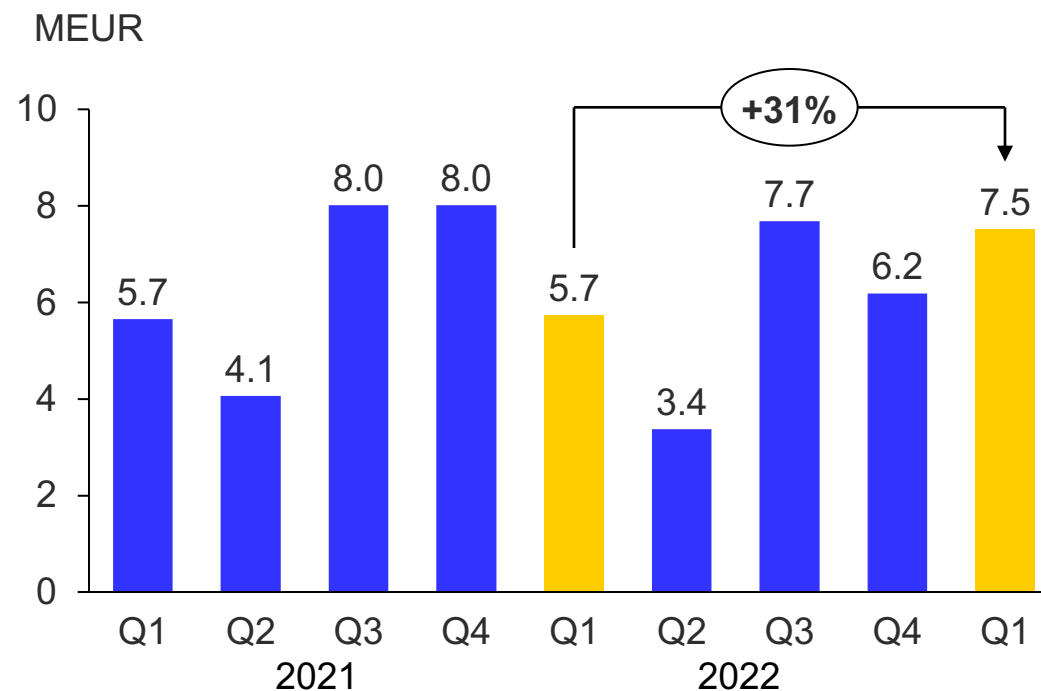
# Net sales and EBITA development

## Net sales



- + Corporate acquisitions in 2022
- + Capacity related development measures and increased customer demand in the commercial vehicle maintenance and repair business in Finland and Sweden
- + Improved sales in the technical wholesale and product business in Scandinavia

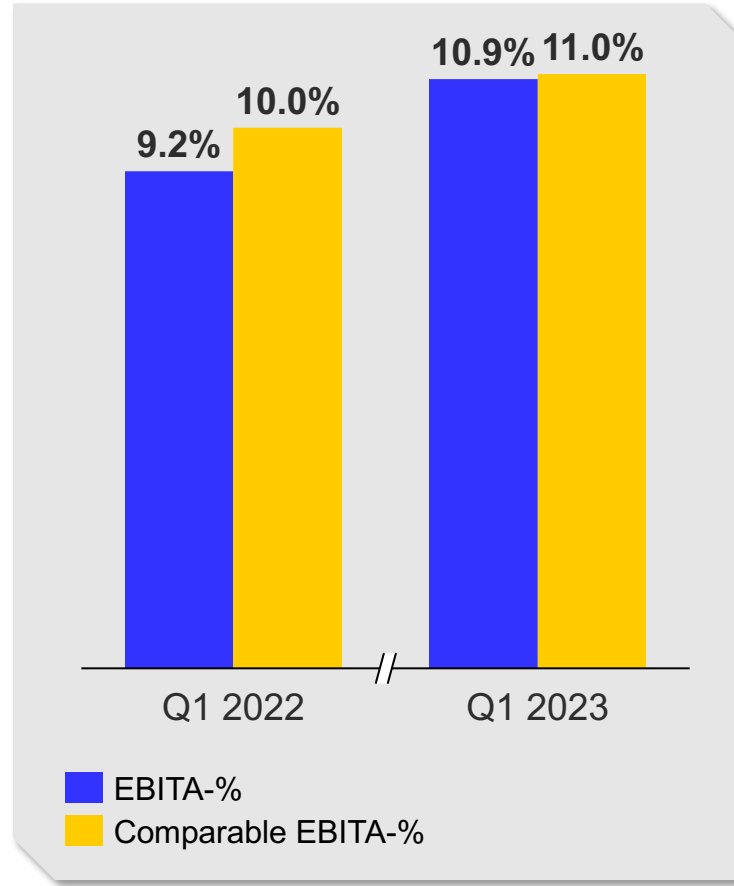
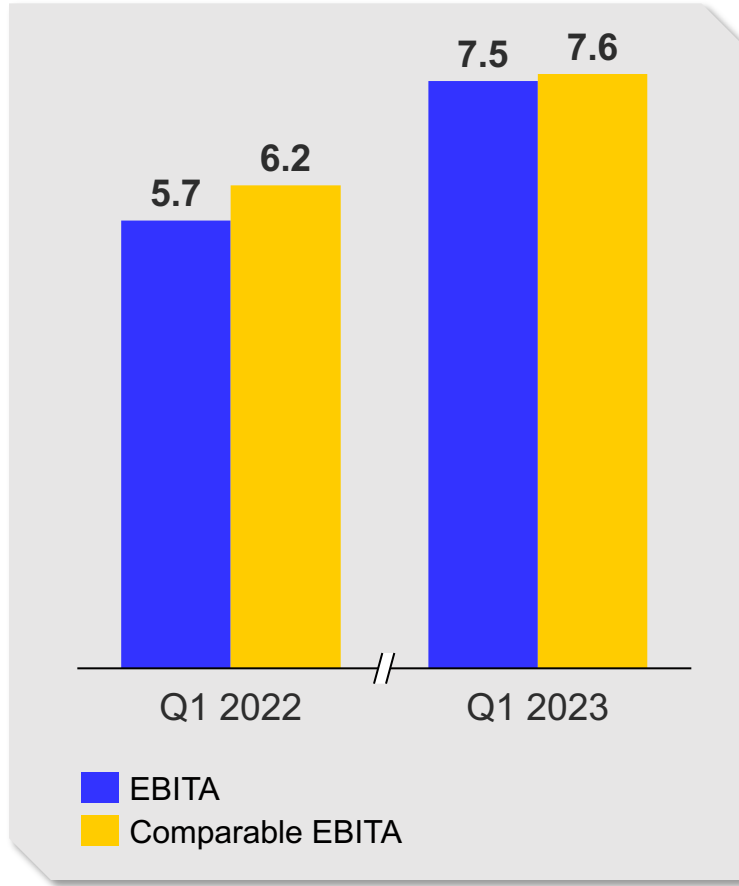
## EBITA



- + Corporate acquisitions in 2022
- + Profitability and operative efficiency improvement measures
- + Sales growth especially in the commercial vehicle maintenance and repair business
- EUR/SEK exchange rate



# EBITA development



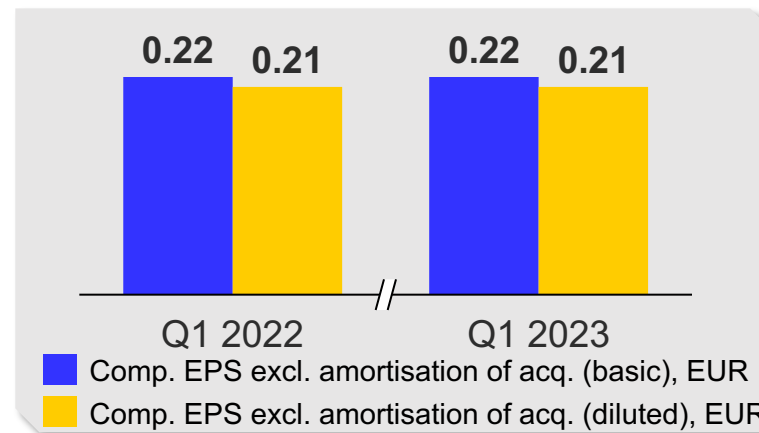
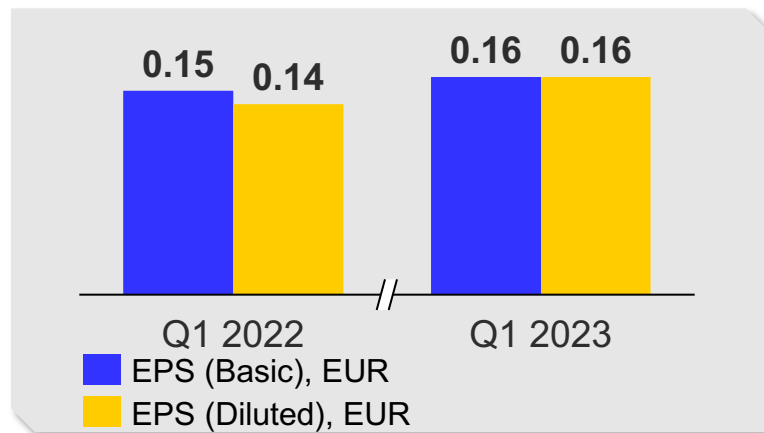
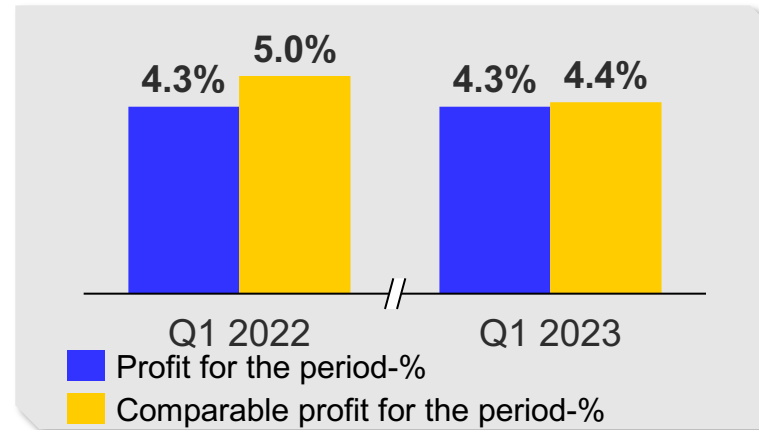
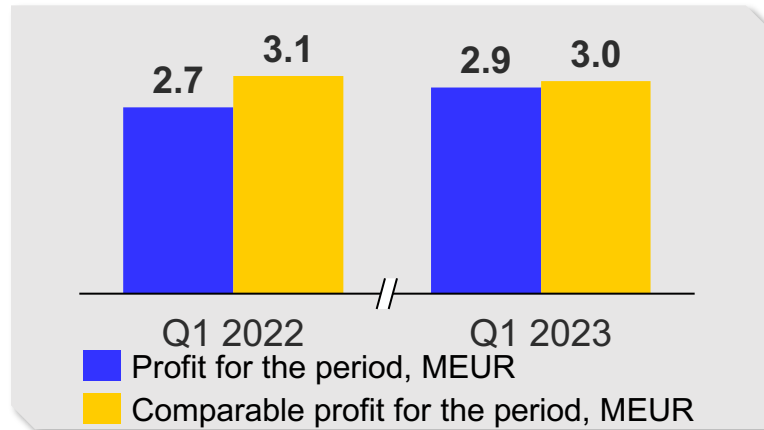
- + Corporate acquisitions in 2022
- + Profitability and operative efficiency improvement measures
- + Sales growth especially in the commercial vehicle maintenance and repair business
- EUR/SEK exchange rate
- Comparable APMs: Transaction costs and certain additional purchase price items of company acquisitions as well as listing costs are eliminated as items affecting comparability

# Net financials

| MEUR                                 | Q1 2023     | Q1 2022     | 2022        |
|--------------------------------------|-------------|-------------|-------------|
| Interest income and expenses         | 1.2         | -0.5        | -2.6        |
| Interest expenses, lease liabilities | -0.4        | -0.4        | -1.4        |
| Foreign exchange gains and losses    | -0.4        | -0.2        | -2.5        |
| Other financial income and expenses  | -0.1        | -0.1        | -0.2        |
| Changes in fair values               |             |             | 0.3         |
| <b>Total net financial items</b>     | <b>-2.1</b> | <b>-1.2</b> | <b>-6.5</b> |
| <i>% of net sales</i>                | <i>3.1%</i> | <i>1.9%</i> | <i>2.5%</i> |

- Increase in net interest expenses: (1) increased interest rate level on interest-bearing loans and, (2) increased foreign exchange net losses
- The exchange rate differences were attributable to exchange rate differences of SEK denominated interest-bearing loans

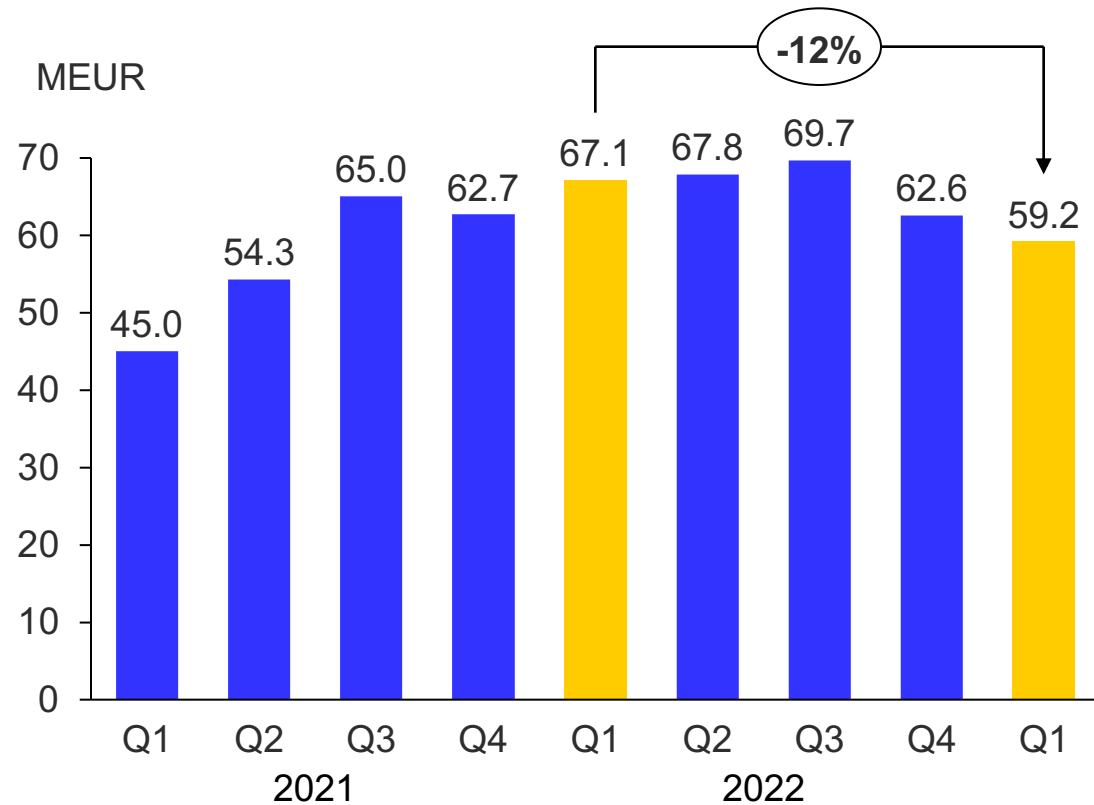
# Profitability development



- Net profit for the period and EPS was approximately at previous years level due to increased net financial expenses and taxes

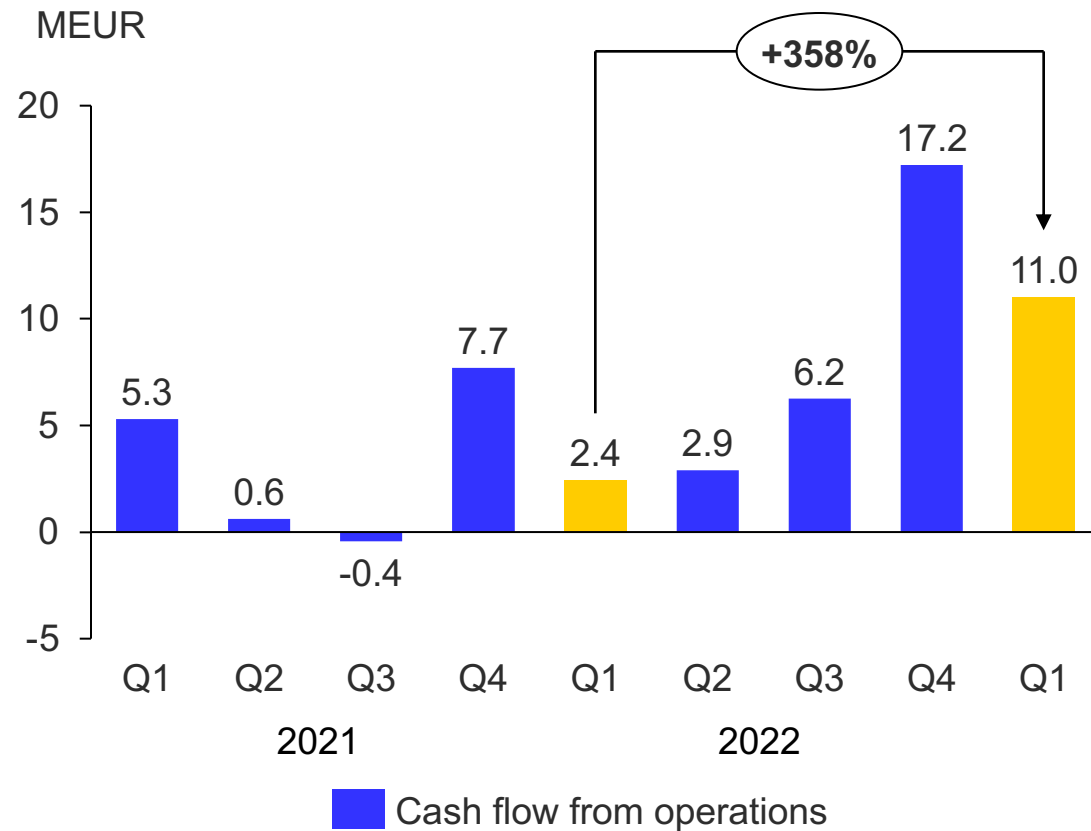


# Net working capital



| MEUR                             | 03 2023     | 03 2022     | 12 2022     |
|----------------------------------|-------------|-------------|-------------|
| Inventories                      | 66.4        | 74.0        | 67.8        |
| Trade and other receivables      | 39.1        | 34.5        | 36.9        |
| Trade and other payables         | 46.3        | 41.4        | 42.1        |
| <b>Total net working capital</b> | <b>59.2</b> | <b>67.1</b> | <b>62.6</b> |

# Cash flow from operations



| MEUR                      | Q1 2023     | Q1 2022    | 2022        |
|---------------------------|-------------|------------|-------------|
| CF before change in NWC   | 11.4        | 9.1        | 38.6        |
| Change in NWC             | 2.0         | -4.8       | -0.1        |
| CF from net financials    | -2.4        | -1.9       | -9.7        |
| <b>CF from operations</b> | <b>11.0</b> | <b>2.4</b> | <b>28.8</b> |
| <i>Cash conversion</i>    | 86.7%       | 10.2%      | 65.8%       |

# Cash flow summary Q1/2023

## Cash flow from operations

EUR **11.0** (2.4)  
million

- + Implemented profitability and operative efficiency improvement measures especially relating to net working capital
- + Corporate acquisitions made in the year 2022
- + Sales growth; highest in the commercial vehicle maintenance and repair business
- + Working capital and inventories decreased especially in the spare part wholesale operations

## Cash flow from investing activities

EUR **-1.4** (-2.5)  
million

- Acquisition of the shares in Adita Oy in March 2023
- Investments in machinery and equipment were made at an aggregate amount of EUR 0.4 (0.4) million

## Cash flow from financing activities

EUR **-3.0** (4.4)  
million

- No proceeds or repayments of loans
- Lease liabilities of EUR 3.0 million were repaid



# Balance sheet and financial position 31.3.2023

The Group's balance-sheet total  
EUR **317.3** (314.9)  
million

Total equity  
EUR **105.9** (106.8)  
million

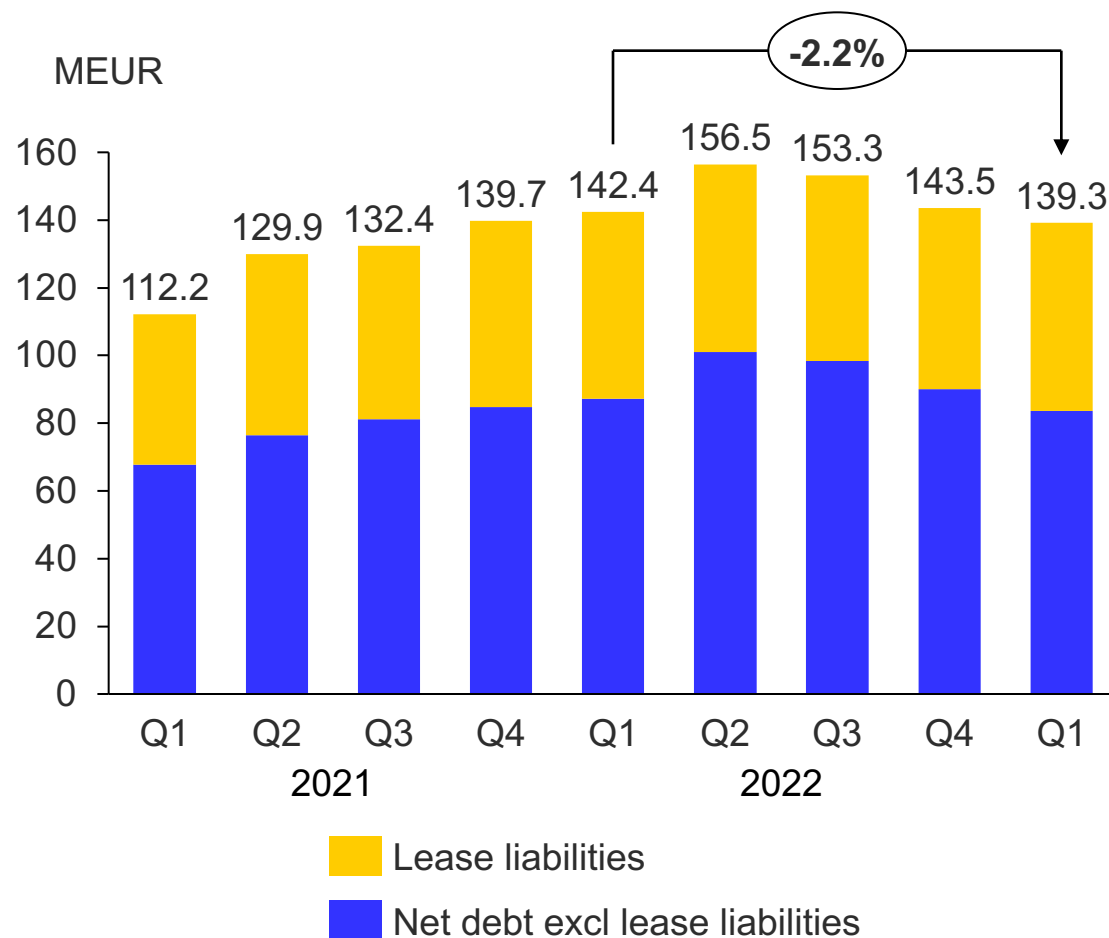
Net debt excl. lease liabilities  
EUR **83.6** (87.1)  
million

Net gearing excl. lease liabilities  
**79.0** (81.6)  
%

Equity ratio  
**33.4** (33.9)  
%

Cash assets  
EUR **20.0** (16.1)  
million

# Interest-bearing net debt



| MEUR                                   | 03 2023      | 03 2022      | 12 2022      |
|--|--------------|--------------|--------------|
| Loans from financial institutions, l-t | 95.2         | 96.7         | 95.7         |
| Loans from financial institutions, s-t | 7.2          | 6.5          | 7.2          |
| Lease liabilities                      | 55.6         | 55.3         | 53.5         |
| Other liabilities                      | 1.2          |              | 0.7          |
| <b>Gross debt</b>                      | <b>159.2</b> | <b>158.5</b> | <b>157.1</b> |
| Cash and bank                          | 20.0         | 16.1         | 13.5         |
| <b>Net debt</b>                        | <b>139.2</b> | <b>142.4</b> | <b>143.6</b> |
| Net debt excl. lease liabilities       | 83.6         | 87.1         | 90.1         |

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Summary: Relais as an investment



# Relais as an investment

- 📍 Active, sector focused consolidator with a strong track record of successful acquisitions
- 📍 Solid cash flow and profitability track record
- 📍 A growing underlying market with defensive characteristics
- 📍 Growing lighting business with own brands
- 📍 Efficient and decentralized operating model



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# Q&A



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